

ND PUBLIC EMPLOYEES RETIREMENT SYSTEM
INVESTMENT PERFORMANCE REPORT AS OF DECEMBER 31, 2002

	December-02				September-02				Current	Prior Year	3 Years	5 Years
	Allocation		Quarter		Allocation		Quarter		Fiscal YTD	FY02	Ended	Ended
	Market Value	Actual	Policy	Net ROR	Market Value	Actual	Policy	Net ROR	Net ROR	Net ROR	6/30/2002	6/30/2002
LARGE CAP DOMESTIC EQUITY												
<i>Structured Growth</i>												
<i>AllianceBernstein</i>	19,511,985	1.9%	2.3%	3.03%	18,780,830	1.9%	2.3%	-13.56%	-10.94%	-28.98%	-16.11%	N/A
<i>Russell 1000 Growth</i>				7.15%				-15.05%	-8.98%	-26.49%	-16.15%	N/A
<i>Structured Value</i>												
<i>LSV</i>	45,636,683	4.4%	4.5%	6.44%	42,506,859	4.3%	4.5%	-18.29%	-13.03%	2.72%	5.54%	N/A
<i>Russell 1000 Value</i>				9.22%				-18.77%	-11.28%	-8.96%	-4.87%	N/A
<i>Enhanced Russell 1000 Index</i>												
<i>LA Capital (Wilshire)</i>	43,465,003	4.2%	4.5%	6.92%	40,322,633	4.1%	4.5%	-16.27%	-10.48%	-17.00%	N/A	N/A
<i>Russell 1000</i>				8.16%				-16.91%	-10.13%	-17.89%	N/A	N/A
<i>Enhanced S&P 500 Index</i>												
<i>Northern Trust</i>	42,479,676	4.1%	4.5%	8.10%	38,974,110	4.0%	4.5%	-16.71%	-9.96%	-16.98%	N/A	N/A
<i>Strong</i>	42,986,661	4.2%	4.5%	10.08%	38,723,285	3.9%	4.5%	-16.75%	-8.35%	-20.23%	N/A	N/A
<i>Westridge</i>	52,870,344	5.2%	4.5%	8.52%	48,513,336	4.9%	4.5%	-17.19%	-10.13%	-17.54%	N/A	N/A
<i>Total Enhanced S&P 500 Index</i>	138,336,681	13.5%	13.5%	8.87%	126,210,731	12.9%	13.5%	-16.88%	-9.50%	-18.23%	N/A	N/A
<i>S&P 500</i>				8.44%				-17.28%	-10.30%	-17.98%	N/A	N/A
<i>S&P 500 Index</i>												
<i>State Street</i>	50,657,847	4.9%	5.3%	8.45%	43,960,466	4.5%	5.3%	-17.26%	-10.27%	-17.96%	-9.14%	3.67%
<i>S&P 500</i>				8.44%				-17.28%	-10.30%	-17.98%	-9.18%	3.67%
TOTAL LARGE CAP DOMESTIC EQUITY	297,608,199	29.0%	30.0%	7.69%	271,781,518	27.7%	30.0%	-16.78%	-10.38%	-17.13%	-9.48%	2.68%
<i>S&P 500</i>				8.44%				-17.28%	-10.30%	-17.98%	-9.18%	3.67%
SMALL CAP DOMESTIC EQUITY												
<i>Manager-of-Managers</i>												
<i>SEI</i>	101,823,731	9.9%	10.0%	5.19%	70,903,263	7.2%	8.0%	-19.10%	-14.90%	-11.87%	N/A	N/A
<i>Russell 2000 + 200bp</i>				6.66%				-20.90%	-15.63%	-6.68%	N/A	N/A
TOTAL SMALL CAP DOMESTIC EQUITY	101,823,731	9.9%	10.0%	5.19%	70,903,263	7.2%	8.0%	-19.10%	-14.90%	-11.87%	1.18%	1.95%
<i>Russell 2000</i>				6.16%				-21.40%	-16.56%	-8.59%	1.67%	4.44%
INTERNATIONAL EQUITY												
<i>Large Cap - Core</i>												
<i>State Street</i>	19,291,897	1.9%	2.0%	4.11%	13,130,499	1.3%	1.6%	-19.99%	-16.70%	-11.74%	-6.76%	-2.26%
<i>MSCI EAFE - 50% Hedged</i>				4.04%				-20.02%	-16.79%	-14.62%	-5.75%	0.27%
<i>Large Cap - Active</i>												
<i>Capital Guardian</i>	49,452,515	4.8%	5.0%	7.35%	34,237,389	3.5%	4.0%	-21.50%	-15.72%	-13.17%	-1.00%	5.76%
<i>Bank of Ireland</i>	10,089,180	1.0%	1.0%	7.13%	7,407,705	0.8%	0.8%	-21.60%	-16.01%	N/A	N/A	N/A
<i>Total Large Cap - Active</i>	59,541,696	5.8%	6.0%	7.31%	41,645,095	4.2%	4.8%	-21.51%	-15.77%	-12.19%	-0.63%	6.00%
<i>MSCI EAFE - 50% Hedged</i>				4.04%				-20.02%	-16.79%	-14.62%	-5.75%	0.27%
<i>Small Cap - Active</i>												
<i>Lazard</i>	10,812,841	1.1%	1.0%	3.95%	8,303,351	0.8%	0.8%	-17.39%	-14.12%	N/A	N/A	N/A
<i>Wellington</i>	10,793,693	1.1%	1.0%	7.10%	7,963,664	0.8%	0.8%	-17.35%	-11.48%	N/A	N/A	N/A
<i>Total Small Cap - Active</i>	21,606,534	2.1%	2.0%	5.49%	16,267,015	1.7%	1.6%	-17.37%	-12.83%	N/A	N/A	N/A
<i>SSB BROAD MARKET INDEX < \$2BN</i>				1.85%				-15.30%	-13.74%	N/A	N/A	N/A
TOTAL INTERNATIONAL EQUITY	100,440,127	9.8%	10.0%	6.24%	71,042,608	7.2%	8.0%	-20.31%	-15.34%	-10.49%	-2.94%	2.40%
<i>MSCI EAFE - 50% Hedged</i>				4.04%				-20.02%	-16.79%	-14.62%	-5.75%	0.27%
EMERGING MARKETS EQUITY												
<i>Capital Guardian</i>	49,179,776	4.8%	5.0%	11.72%	44,022,601	4.5%	5.0%	-16.68%	-6.91%	-5.69%	-5.69%	-6.04%
<i>MSCI Emerging Markets Free</i>				10.04%				-16.30%	-7.90%	1.30%	-6.34%	-8.42%
DOMESTIC FIXED INCOME												
<i>Core Bond</i>												
<i>Western Asset</i>	38,769,713	3.8%	3.7%	2.49%	50,157,445	5.1%	4.3%	3.66%	6.24%	8.87%	8.93%	8.26%
<i>Lehman Aggregate</i>				1.57%				4.58%	6.22%	8.62%	8.10%	7.57%
<i>Active Duration</i>												
<i>Criterion</i>	38,667,068	3.8%	4.4%	2.69%	49,437,568	5.0%	4.3%	2.57%	5.34%	6.00%	7.60%	7.09%
<i>Lehman Aggregate</i>				1.57%				4.58%	6.22%	8.62%	8.10%	7.57%

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	Allocation		Quarter		Allocation		Quarter		Fiscal YTD	FY02	Ended	Ended
	Market Value	Actual	Policy	Net ROR	Market Value	Actual	Policy	Net ROR	Net ROR	Net ROR	6/30/2002	6/30/2002
Index												
Bank of ND	46,201,693	4.5%	4.5%	1.40%	59,641,291	6.1%	5.5%	5.96%	7.44%	9.56%	8.03%	7.55%
Bank of ND Match Loan CD Program	14,962,312	1.5%	1.5%	1.43%	14,932,255	1.5%	1.5%	1.44%	2.90%	5.79%	5.86%	5.90%
Total Index	61,164,004	6.0%	6.0%	1.38%	74,573,546	7.6%	7.0%	4.78%	6.23%	9.68%	7.81%	7.47%
Lehman Gov/Credit				1.73%				5.70%	7.52%	8.24%	7.85%	7.47%
Convertibles												
TCW	39,126,538	3.8%	3.7%	8.32%	44,401,459	4.5%	4.3%	-9.90%	-2.41%	-21.20%	-2.06%	N/A
First Boston Convertible Index				9.83%				-8.56%	0.43%	-12.44%	0.11%	N/A
BBB Average Quality												
Strong	39,395,747	3.8%	3.7%	4.11%	48,988,744	5.0%	4.3%	0.39%	4.51%	3.16%	6.83%	N/A
Lehman BBB				4.59%				2.70%	7.42%	5.85%	4.75%	N/A
Timberland												
Evergreen (Wachovia)	34,814,039	3.4%	3.4%	3.15%	35,606,528	3.6%	3.6%	-0.22%	2.92%	N/A	N/A	N/A
										N/A	N/A	N/A
TOTAL DOMESTIC FIXED INCOME	251,937,110	24.6%	24.0%	3.36%	303,165,290	30.9%	28.0%	0.71%	4.10%	2.56%	6.70%	6.56%
Lehman Aggregate				1.57%				4.58%	6.22%	8.62%	8.10%	7.57%
HIGH YIELD BONDS												
Western Asset	58,259,945	5.7%	5.0%	7.64%	54,125,166	5.5%	5.0%	-3.24%	4.15%	-6.08%	-3.89%	4.16%
Lehman High Yield Bond Index				6.74%				-2.93%	3.61%	-3.60%	-2.31%	0.68%
INTERNATIONAL FIXED INCOME												
International Core												
UBS Global (Brinson)	56,806,368	5.5%	5.0%	6.06%	58,509,848	6.0%	5.0%	2.39%	8.60%	16.83%	2.39%	2.43%
Salomon Brothers Non-US Gov't Bond Index				6.06%				2.84%	9.08%	15.72%	3.14%	3.03%
REAL ESTATE												
JMB	62,368			-1.27%	1,034,424			1.94%	0.64%	0.92%	1.25%	7.60%
INVESCO	26,455,209			-0.41%	26,898,258			3.78%	3.35%	2.61%	7.70%	N/A
J.P. Morgan	29,486,181			1.90%	28,936,241			1.64%	3.58%	4.10%	9.60%	11.72%
TOTAL REAL ESTATE	56,003,758	5.5%	5.0%	0.65%	56,868,923	5.8%	5.0%	2.78%	3.45%	3.35%	8.64%	9.66%
NCREIF TOTAL INDEX				1.67%				1.65%	3.34%	6.79%	9.41%	11.96%
ALTERNATIVE INVESTMENTS												
Brinson IVCF II	270,022			-3.71%	280,402			-5.91%	-9.40%	-28.90%	3.96%	21.27%
Coral Partners II	275,339			-5.57%	288,961			-19.48%	-23.96%	-53.48%	-30.67%	-16.01%
Coral Partners V	10,644,361			-7.89%	10,516,776			-17.47%	-23.98%	-46.32%	-3.46%	N/A
Coral Partners V - Supplemental	657,976			-11.88%	734,421			-14.17%	-24.37%	N/A	N/A	N/A
Coral Partners VI	772,916			-21.31%	608,359			N/A	N/A	N/A	N/A	N/A
Brinson 1998 Partnership Fund	1,943,320			-7.89%	2,147,412			-3.97%	-11.55%	-15.23%	8.66%	N/A
Brinson 1999 Partnership Fund	2,466,288			-6.50%	2,426,646			-4.67%	-10.86%	-21.70%	-0.85%	N/A
Brinson 2000 Partnership Fund	3,582,381			-1.66%	3,174,793			-6.93%	-8.48%	-14.95%	N/A	N/A
Brinson 2001 Partnership Fund	1,012,364			-1.33%	1,018,176			-1.08%	-2.40%	-6.22%	N/A	N/A
Brinson 2002 Partnership Fund	678,877			-2.74%	686,547			0.15%	-2.59%	N/A	N/A	N/A
Total Brinson Partnership Funds	9,683,229			1.14%	9,453,575			-4.85%	-3.77%	N/A	N/A	N/A
Brinson 1999 Non-US Partnership Fund	1,223,989			-2.36%	1,140,547			12.07%	9.43%	-7.68%	-3.51%	N/A
Brinson 2000 Non-US Partnership Fund	1,034,898			-0.81%	907,252			7.00%	6.13%	-6.51%	N/A	N/A
Brinson 2001 Non-US Partnership Fund	446,407			-1.54%	445,970			-1.47%	-2.99%	-4.85%	N/A	N/A
Brinson 2002 Non-US Partnership Fund	920,530			-0.33%	348,399			N/A	N/A	N/A	N/A	N/A
Total Brinson Non-US Partnership Fund	3,625,825			-1.48%	2,842,168			6.90%	5.32%	N/A	N/A	N/A
Brinson BVCF IV	6,355,815			-9.29%	6,891,660			-2.76%	-11.79%	-29.16%	-17.06%	N/A
Matlin Patterson Global Opportunities	10,514,586			0.00%	9,125,381			N/A	N/A	N/A	N/A	N/A
InvestAmerica	872,928			3.02%	912,538			31.25%	35.21%	N/A	N/A	N/A
Hearthstone	4,173,907			3.48%	4,756,522			11.34%	15.21%	4.99%	N/A	N/A
TOTAL ALTERNATIVE INVESTMENTS	47,846,904	4.7%	5.0%	-3.11%	46,410,761	4.7%	5.0%	-7.13%	-10.02%	-29.02%	-0.51%	7.25%
Post Venture Capital Index				15.43%				-22.64%	-10.71%	-44.30%	-26.03%	-6.83%
CASH EQUIVALENTS												
Northern Trust STIF/STEP	6,255,542	0.6%	1.0%	0.42%	5,115,135	0.5%	1.0%	0.68%	1.11%	2.29%	4.72%	5.01%
90 Day T-Bill				0.43%				0.45%	0.88%	2.63%	4.67%	4.84%
TOTAL FUND	1,026,161,460	100.00%	100.00%	4.92%	981,945,114	100.00%	100.00%	-8.86%	-4.37%	-6.83%	-0.72%	4.67%
POLICY TARGET BENCHMARK				5.66%				-9.42%	-4.29%	-5.63%	-1.32%	4.65%

NOTE: Monthly returns and market values are preliminary and subject to change.